

84TH CONGRESS
1ST SESSION

S. 1456

IN THE SENATE OF THE UNITED STATES

MARCH 15 (legislative day, MARCH 10), 1955

Mr. MAGNUSON (by request) introduced the following bill; which was read twice and referred to the Committee on Interstate and Foreign Commerce

A BILL

To amend sections 212, 219 (a), 221 (a), and 410 (a) of the Communications Act of 1934, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 212 of the Communications Act of 1934, as
4 amended, is amended to read as follows:

5 “SEC. 212. After sixty days from the enactment of this
6 Act it shall be unlawful for any person to hold the position
7 of officer or director of more than one carrier subject to this
8 Act, unless such holding shall have been authorized by order
9 of the Commission, upon due showing in form and manner
10 prescribed by the Commission, that neither public nor pri-
11 vate interests will be adversely affected thereby: *Provided,*

1 That the Commission may authorize persons to hold the
2 position of officer or director in more than one such carrier,
3 without regard to the requirements of this section, where it
4 has found that one of the two or more carriers directly or
5 indirectly owns more than 50 per centum of the stock of the
6 other or others, or that 50 per centum or more of the stock
7 of all such carriers is directly or indirectly owned by the
8 same person. After this section takes effect it shall be un-
9 lawful for any officer or director of any carrier subject to
10 this Act to receive for his own benefit, directly or indirectly,
11 any money or thing of value in respect of negotiation, hy-
12 pothecation, or sale of any securities issued or to be issued
13 by such carrier, or to share in any of the proceeds thereof,
14 or to participate in the making or paying of any dividends
15 of such carriers from any funds properly included in capital
16 account.”

17 SEC. 2. Section 219 of the Communications Act of 1934,
18 as amended, is amended by inserting at the beginning of the
19 second sentence of subsection (a) the words “Except as
20 otherwise required by the Commission,” so that the section
21 will read:

22 “SEC. 219. (a) The Commission is authorized to require
23 annual reports under oath from all carriers subject to this
24 Act, and from persons directly or indirectly controlling or
25 controlled by, or under direct or indirect common control

1 with, any such carrier, to prescribe the manner in which such
2 reports shall be made, and to require from such persons
3 specific answers to all questions upon which the Commission
4 may need information. Except as otherwise required by the
5 Commission, such annual reports shall show in detail the
6 amount of capital stock issued, the amount and privileges
7 of each class of stock, the amounts paid therefor, and the
8 manner of payment for the same; the dividends paid and the
9 surplus fund, if any; the number of stockholders (and the
10 names of the thirty largest holders of each class of stock and
11 the amount held by each) ; the funded and floating debts and
12 the interest paid thereon; the cost and value of the carrier's
13 property, franchises, and equipments; the number of em-
14 ployees and the salaries paid each class; the names of all
15 officers and directors, and the amount of salary, bonus, and
16 all other compensation paid to each; the amounts expended
17 for improvements each year, how expended, and the char-
18 acter of such improvements; the earnings and receipts from
19 each branch of business and from all sources; the operating
20 and other expenses; the balances of profit and loss; and a
21 complete exhibit of the financial operations of the carrier
22 each year, including an annual balance sheet. Such reports
23 shall also contain such information in relation to charges or
24 regulations concerning charges, or agreements."

1 SEC. 3. Section 221 (a) of the Communications Act
2 of 1934, as amended, is amended to read as follows:

3 "SEC. 221. (a) Upon application of one or more tele-
4 phone companies for authority to consolidate their proper-
5 ties or a part thereof into a single company, or for authority
6 for one or more such companies to acquire the whole or any
7 part of the property of another telephone company or other
8 telephone companies or the control thereof by the purchase
9 of securities or by lease or in any other like manner, when
10 such consolidated company would be subject to this Act,
11 the Commission shall give reasonable notice in writing to
12 the Governor of each of the States in which the physical
13 property affected, or any part thereof, is situated, and to
14 the State commission having jurisdiction over telephone
15 companies, and to such other persons as it may deem advis-
16 able, and shall afford such parties a reasonable opportunity
17 to submit comments on the proposal. A public hearing shall
18 be held in all cases unless the Commission determines that a
19 hearing is not necessary in the public interest. If the Com-
20 mission finds that the proposed consolidation, acquisition,
21 or control will be of advantage to the persons to whom
22 service is to be rendered and in the public interest, it shall
23 certify to that effect; and thereupon any Act or Acts of Con-
24 gress making the proposed transaction unlawful shall not apply.

1 Nothing in this subsection shall be construed as in anywise
2 limiting or restricting the powers of the several States to
3 control and regulate telephone companies.”

4 SEC. 4. Section 410 (a) of the Communications Act of
5 1934, as amended, is amended by inserting before the words
6 “the Commission” in the second sentence of the section the
7 words “an examiner provided for in section 11 of the Ad-
8 ministrative Procedure Act, designated by” so that the sec-
9 tion will read as follows:

10 “SEC. 410. (a) Except as provided in section 409, the
11 Commission may refer any matter arising in the adminis-
12 tration of this Act to a joint board to be composed of a
13 member, or of an equal number of members, as determined
14 by the Commission, from each of the States in which the
15 wire or radio communication affected by or involved in the
16 proceeding takes place or is proposed. For purposes of acting
17 upon such matter any such board shall have all the juris-
18 diction and powers conferred by law upon an examiner pro-
19 vided for in section 11 of the Administrative Procedure
20 Act, designated by the Commission, and shall be subject to
21 the same duties and obligations. The action of a joint board
22 shall have such force and effect and its proceedings shall be
23 conducted in such manner as the Commission shall by regu-
24 lations prescribe. The joint board member or members for

1 each State shall be nominated by the State commission of
2 the State or by the Governor if there is no State commission,
3 and appointed by the Federal Communications Commission.
4 The Commission shall have discretion to reject any nominee.
5 Joint board members shall receive such allowances for
6 expenses as the Commission shall provide.”

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To amend sections 212, 219 (a), 221 (a), and
410 (a) of the Communications Act of 1934,
as amended.

By Mr. MAGNUSON

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Read twice and referred to the Committee on
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1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 212 of the Communications Act of 1934, as
4 amended, is amended to read as follows:

5 “SEC. 212. After sixty days from the enactment of this
6 Act it shall be unlawful for any person to hold the position
7 of officer or director of more than one carrier subject to this
8 Act, unless such holding shall have been authorized by order
9 of the Commission, upon due showing in form and manner
10 prescribed by the Commission, that neither public nor pri-
11 vate interests will be adversely affected thereby: *Provided,*

1 That the Commission may authorize persons to hold the
2 position of officer or director in more than one such carrier,
3 without regard to the requirements of this section, where it
4 has found that one of the two or more carriers directly or
5 indirectly owns more than 50 per centum of the stock of the
6 other or others, or that 50 per centum or more of the stock
7 of all such carriers is directly or indirectly owned by the
8 same person. After this section takes effect it shall be un-
9 lawful for any officer or director of any carrier subject to
10 this Act to receive for his own benefit, directly or indirectly,
11 any money or thing of value in respect of negotiation, hy-
12 pothecation, or sale of any securities issued or to be issued
13 by such carrier, or to share in any of the proceeds thereof,
14 or to participate in the making or paying of any dividends
15 of such carriers from any funds properly included in capital
16 account.”

17 SEC. 2. Section 219 of the Communications Act of 1934,
18 as amended, is amended by inserting at the beginning of the
19 second sentence of subsection (a) the words “Except as
20 otherwise required by the Commission,” so that the section
21 will read:

22 “SEC. 219. (a) The Commission is authorized to require
23 annual reports under oath from all carriers subject to this
24 Act, and from persons directly or indirectly controlling or
25 controlled by, or under direct or indirect common control

1 with, any such carrier, to prescribe the manner in which such
2 reports shall be made, and to require from such persons
3 specific answers to all questions upon which the Commission
4 may need information. Except as otherwise required by the
5 Commission, such annual reports shall show in detail the
6 amount of capital stock issued, the amount and privileges
7 of each class of stock, the amounts paid therefor, and the
8 manner of payment for the same; the dividends paid and the
9 surplus fund, if any; the number of stockholders (and the
10 names of the thirty largest holders of each class of stock and
11 the amount held by each) ; the funded and floating debts and
12 the interest paid thereon; the cost and value of the carrier's
13 property, franchises, and equipments; the number of em-
14 ployees and the salaries paid each class; the names of all
15 officers and directors, and the amount of salary, bonus, and
16 all other compensation paid to each; the amounts expended
17 for improvements each year, how expended, and the char-
18 acter of such improvements; the earnings and receipts from
19 each branch of business and from all sources; the operating
20 and other expenses; the balances of profit and loss; and a
21 complete exhibit of the financial operations of the carrier
22 each year, including an annual balance sheet. Such reports
23 shall also contain such information in relation to charges or
24 regulations concerning charges, or agreements."

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2 of 1934, as amended, is amended to read as follows:

3 "SEC. 221. (a) Upon application of one or more tele-
4 phone companies for authority to consolidate their proper-
5 ties or a part thereof into a single company, or for authority
6 for one or more such companies to acquire the whole or any
7 part of the property of another telephone company or other
8 telephone companies or the control thereof by the purchase
9 of securities or by lease or in any other like manner, when
10 such consolidated company would be subject to this Act,
11 the Commission shall give reasonable notice in writing to
12 the Governor of each of the States in which the physical
13 property affected, or any part thereof, is situated, and to
14 the State commission having jurisdiction over telephone
15 companies, and to such other persons as it may deem advis-
16 able, and shall afford such parties a reasonable opportunity
17 to submit comments on the proposal. A public hearing shall
18 be held in all cases unless the Commission determines that a
19 hearing is not necessary in the public interest. If the Com-
20 mission finds that the proposed consolidation, acquisition,
21 or control will be of advantage to the persons to whom
22 service is to be rendered and in the public interest, it shall
23 certify to that effect; and thereupon any Act or Acts of Con-
24 gress making the proposed transaction unlawful shall not apply.

1 Nothing in this subsection shall be construed as in anywise
2 limiting or restricting the powers of the several States to
3 control and regulate telephone companies."

4 SEC. 4. Section 410 (a) of the Communications Act of
5 1934, as amended, is amended by inserting before the words
6 "the Commission" in the second sentence of the section the
7 words "an examiner provided for in section 11 of the Ad-
8 ministrative Procedure Act, designated by" so that the sec-
9 tion will read as follows:

10 "SEC. 410. (a) Except as provided in section 409, the
11 Commission may refer any matter arising in the adminis-
12 tration of this Act to a joint board to be composed of a
13 member, or of an equal number of members, as determined
14 by the Commission, from each of the States in which the
15 wire or radio communication affected by or involved in the
16 proceeding takes place or is proposed. For purposes of acting
17 upon such matter any such board shall have all the juris-
18 diction and powers conferred by law upon an examiner pro-
19 vided for in section 11 of the Administrative Procedure
20 Act, designated by the Commission, and shall be subject to
21 the same duties and obligations. The action of a joint board
22 shall have such force and effect and its proceedings shall be
23 conducted in such manner as the Commission shall by regu-
24 lations prescribe. The joint board member or members for

1 each State shall be nominated by the State commission of
2 the State or by the Governor if there is no State commission,
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